

GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Industrial Promotion – Extension of certain incentives under Investment Promotion Policy (IIPP) 2010-15 to M/s Mahindra & Mahindra, Zaheerabad, Medak district for their proposed Tractor Manufacturing facility unit – Amendment – Issued.

INDUSTRIES AND COMMERCE (IP) DEPARTMENT

G.O. Ms. No. 25

DATED: 25 -1-2014

Read the following:

1. From the Vice President operations of M/s Mahindra & Mahindra, Zaheerabad, Medak district, Letter No.Nil, dt:14.10.2010, 24.11.2011 and 03.03.2011.
2. The State Investment Promotion Committee Meeting held on 10.2.2011.
3. The State Investment Promotion Board Meeting held on 23.02.2011.
4. G.O.Ms.No.26, Inds & Com (IP) Department, Dt:23.02.2011
5. From M/s Mahindra & Mahindra, Zaheerabad, Medak district, Lettter, dt:22.9.2011
- 6.The State Investment Promotion Committee Meeting held on 27.12.2011
7. The State Investment Promotion Board Meeting held on 31.12.2011.
8. G.O.Ms.No.14, Inds & Com (IP) Department, Dt:10.01.2012
9. From M/s Mahindra & Mahindra Limited, Letter, Dt:31.07.2012
- 10.The State Investment Promotion Committee Meeting held on 3.01.2013.
- 11.The State Investment Promotion Board Meeting held on 26.04.2013.
- 12.G.O.Ms.No.151, Inds & Com (IP) Department, Dt:30.11.2013
- 13.From the Advisor, M/s Mahindra & Mahindra Limited, Letter, Dt:7.12.2013
- 14.From the Commissioner of Industries, Hyderabad, Lr.No.15/1/2010 /1550/1550/ID, Dated,17.12.2013

ORDER:

In the G.O 4th read above, Government have extended the following incentives to M/s Mahindra & Mahindra Ltd, Zaheerabad, Medak district under IIPP 2010-15 for their proposed Tractor manufacturing facility with a minimum investment of Rs.250 Crores for producing 80000 units per annum.

- a. 100% Gross VAT & CST / SGST re-imbursement for a period of 10 years from the date of commencement of commercial production or upto realization of Rs.276 Crores, whichever is earlier. These special incentives will be applicable to the company only after achieving Mega Project Status by investing Rs.250 Crore and above as per the IIPP 2010-15 policy.
- b. To extend the following other incentives as per IIPP 2010-15 Policy.
 - (i) 100% reimbursement of Stamp duty and transfer duty paid by the industry on purchase of land meant for industrial use.
 - (ii) 100% reimbursement of Stamp duty and transfer duty paid by the industry on financial deeds and mortgages etc.;
 - (iii) Fixed power cost reimbursement of cost @ Rs.0.75 per unit (upper ceiling) on the proposed revised rates (2010-11) for 5 years from the date of commencement of commercial production;
 - (iv) 50% Reimbursement of cost involved in skill upgradation and training the local manpower limited to Rs.2000 per person. Preference shall be given to locals in providing employment in the plant.

P.T.O.

- (v) 25% subsidy on specific cleaner production measures limited to Rs.5.00 Lakh; and
- (vi) Infrastructure support from IIDF with a ceiling of Rs.1.00 crore as per para 4.2.10 of Policy.

2. In the reference 5th read above M/s. Mahindra & Mahindra Ltd has again represented to Government that they have upgraded the project to 1,00,000 tractors per annum against the original capacity of 80,000 tractors per annum and the project cost has gone upto Rs. 350 crores as detailed below:

Description	Capital Investment Planned (Rs.Crores)				
	2011	2012	2013	1014	Total
Land Development and Building	100	30	13	0	143
Plant Equipment & Utility facilities	175	20	12	0	207
Grand Total	275	50	25	0	350

The company has requested for the following Benefits

- (i) To increase the limit of reimbursement of 100% gross VAT & CST / SGST granted from Rs.276 Crs to Rs. 350 Crs keeping in view of increased project cost.
- (ii) To provide water @ Rs15/- per KL instead of Rs.36/- per KL indicated by the Municipality

3. In the G.O 8th read above, Government has extended the following incentives to M/s. Mahindra & Mahindra Ltd under Industrial Investment Promotion Policy (IIPP) 2010-15, as a mega project.

Reimbursement of 100% Gross VAT & CST for a period of 10 years from the date of commencement of commercial production or up to realization of the enhanced investment of Rs.350 Crores, whichever is earlier.

4. In the reference 9th read above, M/s. Mahindra and Mahindra, Zaheerabad, Medak district again represented that at the time of negotiating the incentives they were informed that to qualify for mega project status a minimum of Rs.250.00 Crore is to be invested within 6 months from the Date of Commencement of Production. But as per the guidelines issued by G.O.Ms.No.42, dt. 5.5.2011 minimum of Rs.250.00 Crore investment within six months is only applicable to the industries assisted by financial institutions. As the project is self financed, the company has requested to make an amendment to allow them to make minimum of Rs.250.00 Crore investment within six months from Date of Commencement of Commercial Production on par with financed units.

5. In the reference 10th and 11th read above, the issue was placed in the State Investment Promotion Committee (SIPC) and SIPB.

6. The State Investment Promotion Board (SIPB) reviewed the facts of the case and considering the strategic nature of the investment in the Automobile Sector, and considering the track record and credibility of the Mahindra & Mahindra group approved the proposal to allow them to make minimum Rs.250.00 Crore investment from internal company accruals within six months of commencement of production.

7. In the G.O. 12th read above, Government has issued an amendment to G.O.Ms.No.26, Industries and Commerce (IP) Department, dated:23.03.2011 as subsequently amended in G.O.Ms.No.14, Industries and Commerce (IP) Department, dated: 10.01.2012 substituting the expression "Reimbursement of 100% Gross VAT & CST for a period of 10 years from the date of commencement of commercial production (or) up to realization of the enhanced investment of Rs.350 Crores, which ever is earlier", with the expression "Reimbursement of 100% Gross VAT & CST for a period of 10 years from the date of commencement of commercial production (or) up to realization of the investment of Rs.250 Crores from internal company accruals within six months of commencement of production on par with financed units, whichever is earlier.

8. In the reference 13th read above, M/s Mahindra and Mahindra Ltd, Zaheerabad, Medak district has again represented to the Commissioner of Industries for amendment of orders.

9. Government after careful examination of the proposal keeping in view of the decision of the State Investment Promotion Board hereby make the following Amendment to the G.O.Ms.No.26, Industries and Commerce (IP) Department, dated:23.03.2011 as amended subsequently vide G.O.Ms.No.14, Industries and Commerce (IP) Department, dated: 10.01.2012 and G.O.Ms.No.151, Industries and Commerce (IP) Department, dated: 31.11.2013.

AMENDMENT

In the said orders in para 5 for the expression "Reimbursement of 100% Gross VAT & CST for a period of 10 years from the date of Commencement of Commercial Production (or) up to realization of the investment of Rs.250 Crores from internal Company accruals with the six months of commencement of production on par with Financed units, which ever is earlier", the expression "Reimbursement of 100% Gross VAT & CST for a period of 10 years from the date of Commencement of Commercial Production (or) up to realization of enhanced investment of Rs.350 crores which ever is earlier and subject to Mahindra & Mahindra Investing a minimum of Rs.250 crores from their internal accruals with in six months from the date of commencement of production" is substituted.

10. The Commissioner of Industries, Hyderabad shall take necessary action, accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**K. PRADEEP CHANDRA,
PRINCIPAL SECRETARY TO GOVERNMENT AND
COMMISSIONER FOR INDUSTRIAL PROMOTION**

To

The Commissioner of Industries, Andhra Pradesh, Hyderabad.

M/s. Mahindra & Mahindra Ltd. (through the Commissioner of Industries,
A.P., Hyderabad)

The District Collector, Medak District.

Copy to

The Accountant General, Andhra Pradesh, Hyderabad

The Finance (Exp. I&C) Department.

The Energy Department.

The Chairman & Managing Director, APIIC, Hyderabad

The Revenue (CT) Department.

The Law (J) Department.

The Commissioner of Commercial Taxes, Hyderabad
The Chairman & Managing Director, APTRANSCO., Hyderabad
The Managing Director, APCPDC Ltd., Hyderabad
The GM, DIC, Medak District through the Commissioner of Industries, A.P.
Hyderabad.
P.S. to Minister (Major Industries)/ P.S. to Spl. Chief Secretary, Revenue
Dept./P.S. to Prl. Secy. to Govt., Rev.(CT) Dept./P.S. to Prl. Secy. to
CM/P.S. to Spl.CS, Energy Dept./P.S. to Prl. Secy. & CIP/P.S. to Secretary
to Govt. (Legal Affairs).
SC/SF

//Forwarded:: By: Order//

SECTION OFFICER